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#### Committee Assignments

- Ways & Means, Ranking Republican
- International Trade & Economic Development
- Rules

**Help me save a stamp**  
**If you would like to receive this update via e-mail, please let me know! I take the spending of tax dollars very seriously. And while it is important for you to have this information, I want to be sure I'm saving money when and where I can, and an e-mail is cheaper than a stamp!**

#### Budget Amendments

At each stop along the legislative process, I offered amendments to implement many of the cost-saving ideas you've seen in my weekly "budget tidbits." Also, we offered separate amendments to eliminate each tax increase. Unfortunately, we were defeated at every turn. The end result of this budget is going to be another \$1 billion shortfall in two years. Sad, but true.

# Sen. Joe Zarelli's

## UPDATE FROM OLYMPIA

5/9/05

Dear Friends,

Several of you have contacted my office since the end of session requesting more information regarding the final budget and the tax package pushed through by Democrats. I figured this was a good indication that maybe one more "Update from Olympia" was in order.

As I've relayed to you in the past, the two-year operating budgets proposed by Senate Democrats, House Democrats and the Governor ALL relied in some way or another on a variety of tax increases. I'm sorry to say the final version of the state's budget was no different.

In order to rectify their differences, the House and Senate went to a conference committee. This is when the two sides get together and hammer out their differences behind closed doors. But instead of prioritizing spending, or even exercising a modicum of "give-and-take," they instead settled for just "take." The final budget spends even more money than either of the original House or Senate proposals! You heard right. The two sides got together and "bought" each other's "wants" instead of negotiating!

So, if you're keeping score (and you should, especially come election time), the state's new two-year spending plan is **\$25.962 billion**. That's an almost 12 percent increase over the current two-year budget! How many of you received a 12 percent raise over the last two years? And here's something the media hasn't hit on yet; this budget grows total state FTEs by 2,843 (96,041 in 2005-07 vs. 93,198 in 2003-05).

Also, taxes are increased by over \$400 million, including:

- Cigarette tax (\$174.7 million) – Increases cigarette tax by 60 cents per pack, bringing the state's per pack tax up to \$2.025;
- Death Tax (\$138.7 million) – Imposes a stand-alone death tax on non-farms valued at over \$1.5 million for people dying in 2005 and \$2 million thereafter.
- Liquor Liter Tax (\$49.7 million) – Imposes an additional per liter tax of \$1.33 for liquor store purchases, bringing total state tax to \$3.77 per liter.
- Sales Tax on Extended Warranties (\$37.4 million) – This one is especially creative. It applies the state sales tax to consumer purchases of extended warranties. This is crazy! They are placing a tax on the customer's piece of mind!

The budget leaves only \$200 million in reserves which could easily be whipped out with one bad downturn of the economy. Also, the Democrats "saved" money by not paying our legal obligations to the state's pension fund. That's like saying you "saved" money by not paying your electrical bill. No, you didn't "save" money, you still have the bills coming due! And that's what this budget is: it's a credit card budget. It's putting off budget problems into the future. But that's a scary gamble. With gas prices continuing to go up, along with talk of rising interest rates, our economy is not something we should be betting on. Our taxpayers deserve far better than that!